



S.F. No. 1312 – Modifications to Sustainable Aviation Fuel (SAF) credit (as proposed to be amended by the A-1 amendment)

Author: Senator Ann H. Rest

Prepared by: Nora Pollock, Senate Counsel (nora.pollock@mnsenate.gov)

Date: February 26, 2025

This bill makes a technical correction to the definition of “sustainable aviation fuel,” provides a supplemental tax credit rate for certain SAF products, increases and extends the SAF credit allocation, and extends the sunset date of the credit. All provisions are effective for taxable years beginning after December 31, 2023, for sustainable aviation fuel sold after June 30, 2024, and before July 1, 2035.

Section 1. Definitions. Makes a technical change to the definition of “sustainable aviation fuel” to reflect evolving production methods.

Section 2. Tax credit establishment. Allows a supplemental credit of \$.02 per gallon for each additional whole percentage carbon intensity production beyond 50 percent, up to a maximum of \$.50 per gallon.

Section 3. Allocation limits. Extends the current \$7.4 million allocation for the SAF credit beyond fiscal year 2025 to fiscal year 2027. Extends the \$2.1 million allocation of the credit from fiscal year 2026 and 2027 to fiscal years 2028 to 2035.

Section 4. Expiration. Extends the expiration of the credit from taxable years beginning after December 31, 2030, to taxable years beginning after December 31, 2035.

